

Please note, these transcripts are not individually reviewed and approved for accuracy.

COMMITTEE MEETING
STATE OF CALIFORNIA
INTEGRATED WASTE MANAGEMENT BOARD
BUDGET AND ADMINISTRATION COMMITTEE

JOE SERNA, JR.,
CALEPA BUILDING
1001 I STREET
2ND FLOOR
COASTAL HEARING ROOM
SACRAMENTO, CALIFORNIA

WEDNESDAY, AUGUST 6, 2003

1:30 P.M.

TIFFANY C. KRAFT, CSR, RPR
CERTIFIED SHORTHAND REPORTER
LICENSE NUMBER 12277

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

APPEARANCES

COMMITTEE MEMBERS

Carl Washington

Jose Medina

Linda Moulton-Patterson

STAFF

Debbie Balluch, Committee Secretary

Elliot Block, Staff Counsel

Kristina Gin, Committee Secretary

Terry Jordan, Deputy Director

Julie Nauman, Chief Deputy Director

Jim La Tanner, Supervisor, Recycling Market Development
Revolving Loan Program

Rubia Packard

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

INDEX

	PAGE
Roll Call and Declaration of Quorum	1
A. Deputy Director's Report	1
B. Consideration of the Recycling Market Development Revolving Loan Application for Larry Royal and Karen Royal d.b.a. Earthworm Soil Factory	12
Motion	13
Vote	14
C. Consideration of the Recycling Market Development Revolving Loan Application for Pre Plastics, Inc.	12
Motion	13
Vote	14
D. Consideration of the Recycling Market Development Revolving Loan Application for U.S. Rubber Recycling, Inc.	12
Motion	13
Vote	14
E. Consideration of the Recycling Market Development Revolving Loan Application for Sierra Pacific Packaging, Inc.	12
Motion	13
Vote	14
F. Consideration of the Recycling Market Development Revolving Loan Application for Looney Bins, Inc.	12
Motion	13
Vote	14
G. Consideration of the Recycling Market Development Revolving Loan Application for Three D Plastics, Inc.	12
Motion	13
Vote	14
H. Consideration of the Recycling Market Development Revolving Loan Application for Hunter Paine Enterprises, LLC	12
Motion	13
Vote	14

Please note, these transcripts are not individually reviewed and approved for accuracy.

iv

INDEX CONTINUED

	PAGE
I. Review of Monthly Board Meeting Agenda	14
J. Adjournment	17
K. Reporter's Certificate	18

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

1 PROCEEDINGS

2 CHAIRPERSON WASHINGTON: The Budget and
3 Administration Committee is called to order. Do we have a
4 secretary? Oh, my secretary's not here. Oh, she is here.
5 Secretary, would you call the roll.

6 SECRETARY BALLUCH: Medina?

7 COMMITTEE MEMBER MEDINA: Here.

8 SECRETARY BALLUCH: Moulton-Patterson?

9 COMMITTEE MEMBER MOULTON-PATTERSON: Here.

10 SECRETARY BALLUCH: Mr. Washington?

11 CHAIRPERSON WASHINGTON: All right. Members, are
12 there any ex partes?

13 Chair Moulton-Patterson.

14 COMMITTEE MEMBER MOULTON-PATTERSON: I have none.

15 CHAIRPERSON WASHINGTON: Vice chair.

16 COMMITTEE MEMBER MEDINA: None to report.

17 CHAIRPERSON WASHINGTON: And I'm up to date,
18 likewise.

19 There are slips in the back for those who would
20 like to speak regarding any items that are before us. If
21 there's anyone that wants to speak, you're certainly
22 welcome to fill out a speaker's form, and we'll be glad to
23 have you speak.

24 And if there's nothing else, we'll turn it over
25 to our Deputy Director.

1 DEPUTY DIRECTOR JORDAN: Good afternoon, Chair
2 Washington, and Committee members. I'm Terry Jordan of
3 the Administration and Finance Division, and I have a
4 budget update for you today.

5 As you know, the Governor signed the budget on
6 August 2nd. With the signing of the budget, the
7 administration issued more new instructions related to the
8 personnel services reductions. Most recently we received
9 two new budget letters from the Department of Finance.
10 Budget letter 03-21 revised required that we develop a
11 10 percent reduction plan now by fund and a leg plan for
12 those costs would still be expended from July 1st to when
13 our staffing numbers are reduced where the budget for
14 those costs are absent in the enacted budget.

15 These are areas that weren't considered
16 previously. The revised instructional letter directed the
17 Board to include the following funds in the plan: The
18 integrated waste management account, the tire account, the
19 oil account, the RMDZ account, farm and ranch, and R2136
20 trust fund.

21 Budget letter 03-23 that was just received on
22 Monday of this week changed the direction again regarding
23 the development of a new reduction plan. Briefly, the new
24 instruction from the administration increases the
25 reductions required by the budget act because both the

1 position and dollar targets increased and collective
2 bargaining negotiations have not yet resulted in adequate
3 levels of concessions.

4 Control Section 4.10 of the budget now requires
5 the Director of Finance to achieve savings of \$1.066
6 billion instead of 855 million and to eliminate 16,000
7 permanent positions, an increase of \$211 million and 3,000
8 permanent positions from the reduction amounts assumed in
9 the last budget letter that I just mentioned.

10 However, the latest Department of Finance
11 instructions provide for some flexibility in that a sole
12 fund may not be adequate, such as our farm and ranch or
13 2136, to absorb the entire 12 percent that they're
14 proposing. And in that case, they only have to absorb 5
15 percent of the reduction, while other funds within our
16 budget make up for the rest of the percentage. This will
17 prove to be helpful in deferring the reductions from the
18 Board's small funds, again such as 2136 and farm and ranch
19 and RMDZ.

20 The Administration and Finance Division is
21 currently working on calculating the costs of the latest
22 changes and the potential impact on the Board's staff
23 positions. We are working in coordination with the
24 Chair's office, the Executive and Chief Deputy Director,
25 and the program directors in determining the impacts on

1 the Board's programs.

2 I also want to provide you with an update on the
3 executive order that the Governor issued last month
4 related to the elimination of vacant positions, executive
5 order D-71-03. This executive order required the State
6 Controller's office to sweep and abolish on vacancies on
7 June 30th. The Waste Board lost 36.5 positions. However,
8 through a reconciliation with the State Controller's
9 reported vacancy list, the Administration division
10 requested the reestablishment of 23.5 of the abolished
11 positions. Of those, the Department of Finance approved
12 the reestablishment of 21. And we only lost 15.5.

13 The majority of the reestablished positions were
14 simply technical corrections where the State Controller's
15 Office hadn't caught up to our transactions. They were
16 actually filled, and they were reflecting them vacant.
17 The positions abolished are now considered a part of the
18 Board's reduction plan. However, there maybe others that
19 we pursue for reestablishment.

20 Do you have a question, Chair Washington?

21 CHAIRPERSON WASHINGTON: All right. Let me
22 understand. You're saying that the ones that were
23 reinstated, you used that as a part of our reduction plan?

24 DEPUTY DIRECTOR JORDAN: No. The ones that were
25 reestablished primarily were technical corrections. They

1 offset where the State Controller's Office was reflecting
2 a vacancy and we actually had a person in the position.
3 The ones they did not approve will be reflected in the
4 plan. Because they did not approve them, we're not going
5 to get hit twice. They will assume those as part of the
6 plan.

7 COMMITTEE MEMBER MOULTON-PATTERSON: I have a
8 question. Now, did they direct us to per fund -- usually
9 when the budget has been explained to me, it's been the
10 four major funds. But we had to take farm and ranch out?

11 DEPUTY DIRECTOR JORDAN: They directly sited
12 those funds. And we challenged them in respect to the
13 small funds, and so did most of the other BDOs in this
14 organization in CalEPA. And so the flexibility that came
15 out, I think, was part of their fix to that. It's offset
16 out of -- most of ours will be offset out of the
17 integrated waste management account simply because that is
18 the largest account that we have and it staffs the
19 majority of our positions.

20 An example being that farm and ranch only has one
21 position in the entire fund, and you really can't take
22 12 percent of a position. So there is a budget gap with
23 regards to the 5 percent increase in salaries for rank and
24 file staff, and they want that to be funded from that
25 account. But the remainder of the 12 percent may be

1 funded from another fund.

2 CHAIRPERSON WASHINGTON: So out of 12 percent,
3 how many positions are we actually talking about, TJ?

4 DEPUTY DIRECTOR JORDAN: We're still calculating
5 that at this point. We just got this budget letter on
6 Monday, and we're working at that. I'm thinking, you
7 know, just from very quick calculations, it's probably
8 around 60.

9 CHAIRPERSON WASHINGTON: 60 positions.

10 COMMITTEE MEMBER MEDINA: I would find it very
11 helpful if, when these letters come out and the directive
12 come out, if the members of this Committee, if not all the
13 Board members, could get a timely briefing so we're fully
14 informed, particularly with regard to any decisions that
15 have to be made.

16 Also I'm very concerned that we be able to keep
17 our executive assistants. As I understand the language
18 that resulted, those positions stay in place. So I would
19 like to see them retain their funding as well.

20 DEPUTY DIRECTOR JORDAN: Certainly.

21 COMMITTEE MEMBER MOULTON-PATTERSON: I was just
22 going to say that certainly would be my intent. And since
23 we have a Board meeting on Tuesday and we have a closed
24 session -- when do you have to send this over?

25 DEPUTY DIRECTOR JORDAN: Finance is expecting it

1 on Monday.

2 COMMITTEE MEMBER MOULTON-PATTERSON: I think it
3 would be appropriate that the Board see it in closed
4 session on Tuesday. And you know, so if it's a day late,
5 so be it. I would feel more comfortable.

6 DEPUTY DIRECTOR JORDAN: Okay.

7 COMMITTEE MEMBER MEDINA: It's also more helpful
8 to us to be able to look at these directives, these
9 letters when we have before us the full budget, and that
10 way we have an opportunity to reflect on the entire budget
11 such so that, you know, we can accommodate these
12 directives that are sent over, and we'll be in a position
13 to make a better decision on some of those items.

14 At this particular meeting when this information
15 is provided, there really is not adequate time to be able
16 to review and reflect on the budget for the Waste Board,
17 all the funds, all of that, and then to be able to
18 accommodate these requests that are coming over.

19 DEPUTY DIRECTOR JORDAN: Recognized.

20 I'd also like to provide you with -- or mention
21 the impact the dollar reductions have and will impose on
22 the Board's operating budget. I respectfully look to our
23 guidance and counsel, Mr. Chair and Committee members, to
24 absorb and avoid the current deficiencies that the Board's
25 budget faces.

1 As we are all now very aware, this year is
2 completely different than any other year we've ever had to
3 deal with. The budgets of organizations across state
4 government have been reduced and programs have been cut.
5 As I've mentioned, we have been asked to propose a plan to
6 reduce our personal services expenditures to provide for a
7 5 percent increase in rank and file employees' salaries
8 that was approved in a previous year, but is not included
9 in any state organization's budget and to satisfy the
10 requirement to eliminate 16,000 positions across state
11 government as directed in the budget act.

12 When our reduction plan goes over and is approved
13 by the Department of Personnel Administration and the
14 Department of Finance and we are directed to implement,
15 our expenditure authority for the fiscal year will be
16 reduced by that amount of the reduction proposed in our
17 plan, and that is retroactive back to July 1st. Yet, we
18 will be well into the fiscal year before any of the
19 positions will be eliminated and employees leave payroll.

20 As a result, we are already spending beyond our
21 budget. And without careful management of all our
22 expenditures, traveling, purchasing, et cetera, we could
23 end the year in a deficit. The administration has made it
24 clear in recent budget letters that deficits will not be
25 allowed and there will be severe repercussions to

1 organizations that end the year in a deficit.

2 To adjust for this, we will need to operate and
3 spend at a significantly lower level than we are
4 accustomed in order to develop the necessary savings to
5 offset the deficit. The Administration and Finance
6 Division is calculating the combined cost of our potential
7 deficit. When the budget analysis is complete, an e-mail
8 is proposed to ask that only the most critical and
9 essential expenses be incurred until we have a better
10 understanding of the deficit we face. And certainly the
11 members would be briefed prior to that e-mail going out.

12 That concludes the budget portion.

13 Today's Committee agenda has seven loan items
14 from the Sustainability and --

15 CHAIRPERSON WASHINGTON: Before you do that, let
16 me ask you a couple of questions. In terms of the
17 personnel services reduction, Madam Chair and Mr. Vice
18 Chair, I was thinking in terms of -- and this is thinking
19 outside the box. And you certainly -- I would like to
20 hear your comments. We have a Chief Counsel position that
21 we potentially can fill, and I think that salary range
22 from 80- to 90,000 or something like that. If we were
23 to -- can we include that position in the 12 percent
24 reduction, TJ? Since we've already sought a -- whatever
25 it's called -- waiver or something, exemption on that

1 position?

2 DEPUTY DIRECTOR JORDAN: The position is
3 currently vacant. That was one of the positions that was
4 restored -- or actually it wasn't abolished because
5 there's still someone in it that will be leaving the
6 position soon. That position is the management oversight
7 for the entire staff counsel legal office. Certainly, any
8 position could be placed -- any vacant position could be
9 placed on the plan. However, you would have no
10 supervising oversight for the legal office.

11 CHAIRPERSON WASHINGTON: So we wouldn't be able
12 to keep the folks that we are rotating who are getting
13 paid?

14 DEPUTY DIRECTOR JORDAN: Well, per their union --

15 CHAIRPERSON WASHINGTON: Yeah.

16 DEPUTY DIRECTOR JORDAN: -- they can only do that
17 for a very short period of time because it becomes a
18 classification issue and pay issue.

19 CHAIRPERSON WASHINGTON: How short? When you say
20 short --

21 DEPUTY DIRECTOR JORDAN: Right now I think it's
22 up to two months. And I can't remember the exact days,
23 but if it's any more than that, they are to be paid at
24 that level.

25 CHAIRPERSON WASHINGTON: So if we rotate on -- so

1 if we continue to rotate, we'll be okay.

2 DEPUTY DIRECTOR JORDAN: The unions will
3 challenge that. Where you make it a practice, the unions
4 will challenge it. In a very short term, they won't
5 challenge it because they see the management need to cover
6 that. But they expect that the appropriate actions will
7 be taken with regards to the appropriate level of
8 management.

9 CHAIRPERSON WASHINGTON: Okay. One more and then
10 we'll go right to the agenda.

11 In terms of the 60 positions, how many actual
12 people will be affected by this? Because I know this
13 includes vacancies and all sorts of -- is that correct?
14 Do we know how many actual people we're talking about?
15 Just a ballpark if you don't know the exact --

16 DEPUTY DIRECTOR JORDAN: At this point that's
17 kind of hard to say. It's probably -- with movement, et
18 cetera, you know, I would say there's probably going to be
19 close to 20 impacted individuals.

20 CHAIRPERSON WASHINGTON: Again, I just want folks
21 who are listening in, this is just a rough estimate she's
22 giving us. This is not a done deal. So we don't want
23 anything --

24 DEPUTY DIRECTOR JORDAN: That is just a guess.

25 CHAIRPERSON WASHINGTON: Just a rough estimate.

1 Okay. Madam Chair, Vice Chair, do you have any
2 questions regarding the budget?

3 All right. Thank you. We'll get right to the
4 agenda.

5 DEPUTY DIRECTOR JORDAN: Okay. Today's Committee
6 agenda has seven loan items from the Sustainability and
7 Market Development Committee, Committee Items B through H,
8 Board Items 3 through 9. These items are all on fiscal
9 consent.

10 This concludes my report. And with that, I will
11 ask if the Committee would like to hear presentations on
12 any of the item or one summary presentation?

13 CHAIRPERSON WASHINGTON: What I think we'll do
14 with the consent of the Chair and the Vice Chair, we're
15 prepared -- unless there's anything that needs to be
16 discussed -- and you can do one summary over all of them.
17 And for the audits, these are all our recycling market
18 development revolving funds that we do on a continual
19 basis. So staff can do an quick overview, and then we'll
20 take them all and dispose of them.

21 MR. LA TANNER: Jim La Tanner, Supervisor for the
22 Recycling Market Development Revolving Loan Program.

23 There are seven loans that made it on fiscal
24 consent at the Committee that will go to the Board. Five
25 of the loans will be funded out of the RMDZ amount. Two

1 loans will be funded out of the tire account, one loan of
2 which is actually split funded.

3 The RMDZ fund is budgeted to lend up to 10
4 million this year. The amount taken out for these loans
5 is \$5,657,555, which leaves \$4,342,445 available for
6 future loans this year.

7 Out of the tire fund, there was a budget for
8 1.5 million loans. Two loans will use that entire
9 1.5 million, leaving zero available for the remainder of
10 the year.

11 So there's still 4.3 million out of the RMDZ
12 available. Staff has a number of applications in-house
13 that we are processing, and we're not sure if any are
14 going to make it to the September Board meeting at this
15 time.

16 That concludes my presentation.

17 CHAIRPERSON WASHINGTON: All right. Well, thank
18 you very much.

19 Mr. Medina.

20 COMMITTEE MEMBER MEDINA: Chair Washington, I
21 would like to move the following resolutions, Resolutions
22 2003-409, 410, 411, 412, 413, 414, and 415.

23 CHAIRPERSON WASHINGTON: We have a motion. We
24 have a second by Chair Moulton-Patterson.

25 Secretary, call the roll.

1 SECRETARY GIN: Medina?

2 COMMITTEE MEMBER MEDINA: Aye.

3 SECRETARY GIN: Moulton-Patterson?

4 COMMITTEE MEMBER MOULTON-PATTERSON: Aye.

5 SECRETARY GIN: Washington?

6 CHAIRPERSON WASHINGTON: Aye.

7 Thank you very much.

8 And at this time we'll turn it over to our Chair.

9 COMMITTEE MEMBER MOULTON-PATTERSON: Thank you,
10 Mr. Washington.

11 Julie, are you prepared to go over the agenda as
12 far as consent items and also --

13 EXECUTIVE DIRECTOR NAUMAN: Yes, I am.

14 COMMITTEE MEMBER MOULTON-PATTERSON: And it was
15 my understanding that it looks like it's shaping up to be
16 a one-day Board meeting.

17 EXECUTIVE DIRECTOR NAUMAN: It's looking like
18 that. We'll reserve some time for a closed session as you
19 made reference to earlier.

20 COMMITTEE MEMBER MOULTON-PATTERSON: Now, I know
21 there was a closed session with Russell. Can he only come
22 on Wednesday? Because I think we're going to need him on
23 Tuesday for sure. But can we combine it all in that?

24 EXECUTIVE DIRECTOR NAUMAN: I'm hoping that we
25 can. I don't know otherwise that we can't. We will work

1 toward that so it can be in one day.

2 All right. So let me just jump in.

3 We have two continued items, Items 1 and 2.

4 Those were just continued from the last Board meeting so
5 they were not reviewed by Committee.

6 Starting with Sustainability and Market
7 Development, Items 3, 4, 5, 6, 7, 8, and 9 were all
8 recommended for fiscal consent by the Policy Committee and
9 now by your action, Budget and Admin Committee. Those
10 will be reflected as fiscal consent items.

11 Item 10 is a consent item coming out of
12 Committee.

13 Item 11 will be heard by the full Board, as will
14 Item 12.

15 Item 13 was for Committee only.

16 Item 14 was heard by the Committee with a
17 recommendation of consent. Since that time, I have had a
18 request from a member to remove that item so it will not
19 be on consent and will be heard by the full Board.

20 COMMITTEE MEMBER MOULTON-PATTERSON: That's 14?

21 EXECUTIVE DIRECTOR NAUMAN: That's correct.

22 Item 15 and 16 are both recommended for consent.

23 Item 17 was Committee only.

24 Item 18 was heard by the Committee with the
25 determination that the Board would proceed with the

1 penalty hearing scheduled and noticed for September 16th.

2 Item 19 was Committee only.

3 Items 20, 21, and 22 from the Education and
4 Public Outreach Committee were Committee only items.

5 In the Permitting and Enforcement area, Item 23
6 is recommended for consent. It's tied to Item 15, which
7 is also on consent and will need to be obviously taken up
8 at the same time in order for Item 23 to remain on
9 consent.

10 Items 24 and 25 are both recommended for consent.

11 Items 26 and 27 were Committee only.

12 In the Special Waste area, Item 28 is recommended
13 for consent.

14 Item 29 will come back to the Committee for
15 further discussion in October or at a later date.

16 Items 30 and 31 were both pulled, not heard by
17 the Committee, and rescheduled for September before the
18 Committee.

19 Item 32 was Committee only.

20 And Item 33 is being pulled from the Board's
21 agenda because the contractor is not able to assemble the
22 community participants that need to attend for this
23 presentation. And we couldn't find a mutually agreeable
24 time for them, so we'll probably move testimony to
25 September. I'm looking at Rubia.

1 MS. PACKARD: Yeah. September.

2 COMMITTEE MEMBER MOULTON-PATTERSON: I just would
3 like to ask my Board colleagues, closed session right
4 after lunch, does that sound -- so if arrangements can be
5 made with Russell.

6 EXECUTIVE DIRECTOR NAUMAN: We'll give him a
7 call.

8 COMMITTEE MEMBER MOULTON-PATTERSON: If not, I
9 can't remember why we were talking about Wednesday. But
10 if he can only come on Wednesday, we'll come back. But we
11 still need a closed session right after lunch to talk
12 about the personnel budget.

13 Any questions? Okay. Thank you.

14 (Thereupon the California Integrated Waste
15 Management Board, Budget and Administration
16 Committee adjourned at 2:05 p.m.)

17

18

19

20

21

22

23

24

25

1 CERTIFICATE OF REPORTER

2 I, TIFFANY C. KRAFT, a Certified Shorthand
3 Reporter of the State of California, and Registered
4 Professional Reporter, do hereby certify:

5 That I am a disinterested person herein; that the
6 foregoing hearing was reported in shorthand by me,
7 Tiffany C. Kraft, a Certified Shorthand Reporter of the
8 State of California, and thereafter transcribed into
9 typewriting.

10 I further certify that I am not of counsel or
11 attorney for any of the parties to said hearing nor in any
12 way interested in the outcome of said hearing.

13 IN WITNESS WHEREOF, I have hereunto set my hand
14 this 15th day of August, 2003.

15

16

17

18

19

20

21

22

23 TIFFANY C. KRAFT, CSR, RPR

24 Certified Shorthand Reporter

25 License No. 12277